

**GOVERNMENT RELATIONS, INC.**

**1050 17<sup>TH</sup> STREET**

**SUITE 510**

**(202) 775-0079**

**WASHINGTON, DC 20036**

---

**June 2011 Monthly Report for MTC**

**To: Steve Heminger, Executive Director  
MTC**

**From: Tom Bulger, President  
GRI**

**Re: Monthly Report for June 2011**

**Date: June 29, 2011**

- **Federal Surface Transportation Authorization Update**
- **Private Financing of Infrastructure**
- **Deficit Negotiations Shift to the President**
- **Intelligent Transportation Congressional Showcase**
- **Federal Transit Administration (FTA) Funding Notices**
- **Congressional Staff Comings and Goings**
- **June Meetings**

### **Federal Surface Transportation Authorization Update**

The federal transportation authorization process is either slowly moving ahead or running out of time. Senator Barbara Boxer, D-Calif., announced her plans for new surface transportation legislation. Unfortunately, her broad outline at a cost of \$339.2 billion over six years has no chance of becoming law. Additionally, House Transportation & Infrastructure (T&I) Committee Chairman John Mica, R-Fla., would be unlikely to draft a bill that resembles Senator Boxer's outline.

The question of how to pay for Senator Boxer's plan has been punted to the Senate Finance Committee. Note that a six-year authorization bill — adjusted for inflation and using the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) as the baseline — would require an additional \$12 billion per year from the cash strapped Highway Trust Fund (HTF). As such, the focus has shifted to a two-year bill. The revenue picture for a two-year bill improves slightly, requiring an additional \$6 billion per year from the HTF. Senators James Inhofe, R-Okla., and David Vitter, R-La., the leading republicans on the Environment & Public Works (EPW) Committee, have publicly expressed support for a two-year bill.

In the House T&I Committee, which is full of rural freshman republican members, budget cutting is the top priority. Moreover, the House Appropriations Committee announced that FY 2012 appropriations for transportation, housing and urban affairs will be capped at \$47.7 billion, a 30 percent cut from FY 2010.

Presently, the Senate Finance Committee is searching for additional funding for a two-year bill. This is a new twist in how surface transportation authorization bills are constructed. In the past, the Senate's three authorization committees — EPW-Highways, Banking & Urban Affairs-Transit, and Commerce-Highway Safety and Railroads — would authorize an overall funding total, then the Senate Finance Committee would make available the majority of the necessary funding from the HTF. Additionally, the three authorization committees would authorize future General Fund expenditures that the Appropriations Committee would honor e.g. New Starts.

A bill was expected to emerge from the House Transportation & Infrastructure Committee this month. Instead, Chairman Mica turned his attention to privatizing Amtrak. Rep. Mica publicly stated he intends to produce an authorization bill the week of July 4, and committee markup will be on July 12; however, the House republican leadership has not committed to bring an authorization bill to the floor before the summer recess begins on August 5.

### **Private Financing of Infrastructure**

On June 9, I attended the National Association of Realtors' *Private Financing of Infrastructure* conference. Attendees included representatives from the U.S. Department of Transportation (DOT), the Office of Management and Budget, Realtors, financial institutions, mayors, APTA, and numerous trade and labor groups.

The key messages from the conference were that a major expansion of the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the possible formation of an Infrastructure Bank may be part of the authorization legislation. Senator Boxer's legislation

outline includes increasing TIFIA funding from \$122 million to \$1 billion annually, with an increase to cover 49 percent of project costs versus the current cap of 33 percent.

Another key message heard was that there is very little appetite for private infrastructure financing for rehabilitation/modernization of the existing surface transportation network. In fact, conference participants pointed out that there is no interest to participate in fixing existing transit infrastructure.

### **Deficit Negotiations Shift to the President**

Facing an August deadline for raising the country's borrowing limit, politicians and economists are alarmed. Republicans are insisting on huge spending cuts as a condition for raising the debt limit, while President Obama is pushing for increased tax revenue to be part of the deal. The President's insistence led House Republican leader Eric Cantor, R-Va., to walk out on negotiations last week. Most likely, this issue will dominate almost everything that the President and Congress contend with in Washington, leaving any discussions on a transportation authorization bill up in the air.

In 2001, the Congressional Budget Office forecasted government surpluses totaling \$5.6 trillion by 2011, which did not materialize. Three policies contributed to one-third of the \$12.7 trillion swing from projected surpluses to current debt levels: 1) President Bush's 2001 and 2003 tax cuts; 2) funding for the wars in Iraq and Afghanistan; and 3) President Obama's stimulus bill. Seventy-five percent of the members currently serving in Congress voted for at least one and in most cases more than one of the three policies.

### **Intelligent Transportation Congressional Showcase**

The Intelligent Transportation Association held a Congressional Showcase in the Cannon Caucus Room on June 1<sup>st</sup>. Seven members of the House T&I Committee spoke at the event.

### **Federal Transit Administration (FTA) Funding Notices**

On June 24, the FTA announced funding availability for three FY 2011 appropriated programs:

- 1) New Starts and Small Starts Funding:
  - a. \$20 Million — Central Subway LRT, San Francisco
  - b. \$20 Million — Van Ness Ave. BRT, San Francisco
  - c. \$15 Million — East Bay BRT, Oakland
- 2) Funding Notice of FTA's Bus and Bus Facilities FY 2011 Discretionary (competitive) funding.
- 3) Funding Notice of FTA's Environment/Greenhouse Gas FY 2011 Discretionary (competitive) funding.

MTC staff received these funding notices on June 24.

### **Congressional Staff Comings and Goings**

Paul Schmid of Senator Tom Carper's, D-Del., staff and formerly a member of Rep. Ellen Tauscher's staff, is resigning to attend law school in Boston. He will be replaced by Colin Peppard, formerly at NRDC.

Kathy Dedrick, Senior Policy Director for Transportation at the Senate Environment & Public Works Committee, is no longer assigned to the surface transportation authorization bill.

### **June Meetings**

#### ***Bipartisan Policy Center***

On June 16, the Bipartisan Policy Center's hosted an event for the release of its report *National Transportation Policy Project Performance Driven: Achieving Wiser Investment in Transportation*. Included in this report are the following legislative recommendations:

- Streamline over 100 federal transportation programs into ten core programs by consolidation and elimination.
- Eliminate programs that lack a specific national purpose.
- Clearly articulate national purposes and overarching national goals.
- Prioritize the management and preservation of existing transportation system assets.
- Put a more robust, outcome-oriented, better funded planning process in place.
- Develop a National Freight Plan.
- Make bonus funding available to incentivize effective performance.
- Put incentives in place for investments that are able to leverage non-federal resources.
- Support, promote and reward states and metropolitan regions that secure sustainable revenue.
- Reduce restrictions, regulations, and barriers to non-federal investment in transportation.
- Restructure and adjust the existing match funding requirements.
- Provide funds for pilot programs that help refine performance metrics and develop improved user-based funding mechanisms.

Overall, the Bipartisan Policy Center is recommending a \$40 billion authorization funding program — about a 24 percent reduction from the \$52.75 billion in FY 2009.

#### ***Carl Barrick, Office of Management and Budget***

On June 9, we met with Mr. Barrick regarding the gas tax/sales tax swap proposal.

#### ***Amy Hawkins, Burlington Northern & Santa Fe Railroad***

We had numerous meetings in June with Ms. Hawkins concerning input for the President's Council on Competitiveness and Jobs, Executive Director Steve Heminger addressed members of the Council on the findings from the National Surface Transportation Policy and Revenue Study Commission-Transportation for Tomorrow as a result of the meetings with Ms. Hawkins.

#### ***Senator Thomas R Carper, D-Del.***

We also met with Senator Carper's staff about the gas tax/sales tax swap proposal. Mr. Carper is a member of the Senate Finance Committee.